

ROUTING

Top Secret 219

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NATIONAL INTELLIGENCE DAILY CABLE

Friday 1 September 1978

CG NIDC 78/205

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NATIONAL SECURITY INFORMATION

Unauthorized Disclosure Subject to Criminal Sanctions

State Dept. review completed

DIA review(s) completed.

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LATE ITEM

NICARAGUA: Situation Report

25X1 [REDACTED] //According to press reports, reinforced Nicaraguan troops yesterday began sweeping Matagalpa--the chief provincial troublespot--after an attempt by the archbishop at a negotiated cease-fire apparently broke down. In the capital, the US Embassy reports the general strike is gaining strength but is not yet as effective as the January stoppage, when 80 percent of the business closed. The government's estimates of the strike's effectiveness remain ridiculously low.

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25X1 [REDACTED] //While recent guerrilla successes have lowered morale in the Guard, unity in the ranks appears to be unbroken.

25X1 [REDACTED] Somoza was not considering stepping down.//

25X1 [REDACTED] The perception that the gap between the President and his foes cannot be closed under present circumstances has if anything been reinforced. The head of the opposition newspaper, responding to a news report that the US was considering offering itself as a mediator, told the US Embassy that Somoza's foes would reject US mediation if it meant that Somoza would finish his term.

25X1 [REDACTED] Although the President has made preliminary contact with one of the traditional opposition groups, at present he is extremely unlikely to make any major unilateral concessions. In fact, if the contact becomes known, the opposition leader may well be discredited. Somoza is continuing to take a tougher line; the new opposition news network was quickly closed down and a month-old hospital strike was declared illegal, paving the way for more aggressive government action.

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[redacted] Meanwhile, the Sandinista guerrilla leader who led the assault on the national palace last week reportedly flew to San Jose yesterday. About two dozen other Sandinistas who were freed from prison in Nicaragua in exchange for hostages were reported to have arrived in Havana from Panama yesterday. [redacted]

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National Intelligence Daily Cable for Friday, 1 September 1978.

The NID Cable is for the purpose of informing senior US officials.

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ISRAEL: New Public Opinion Poll

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[] A recent telephone survey conducted by the Dahaf polling organization indicates that more than 60 percent of the Israeli public would support the return of some of the occupied West Bank if this would enable Israel to obtain an agreement with Egypt at Camp David. A poll conducted by Hebrew University early in August indicated a majority of Israelis do not share Prime Minister Begin's religious and ideological attachment to the whole of the territory.

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[] The Dahaf organization also found that 62 percent of those polled were satisfied with Begin's performance in office, a gain of a few percentage points from previous polls and an indication that Begin's popularity continues on the upturn that began in July. Begin's rebounding health clearly has impressed many Israelis, who now also appear convinced that he has demonstrated reasonable flexibility on key peace negotiation issues.

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[] Egyptian President Sadat's public hard line on the West Bank withdrawal issue and his ouster of the Israeli military delegation from Alexandria probably have reinforced already strong Israeli perceptions that Sadat, not Begin, is the intransigent party blocking progress on the negotiating front.

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[] The Dahaf poll further indicated Defense Minister Weizman enjoys the support of more than 70 percent of the

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public--a level of popularity he has maintained throughout most of the year. About 50 percent of those polled registered satisfaction with Foreign Minister Dayan, whose popularity has dropped somewhat in recent months.

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NAMIBIA: Settlement Recommendations

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UN Secretary General Waldheim's recommendations for implementing the Western proposal for a Namibia settlement are closer to the demands of the South-West Africa People's Organization than to South Africa's stated position. Nigeria has ordered its representative on the UN Security Council to oppose convening a formal session of the Council before 11 September--more than a week later than the Western members of the Council want to vote on the settlement plan. Even if the Security Council accepts the Western proposal and Waldheim's recommendations without significant revisions, the South Africans will almost surely drag their heels on permitting a large UN peacekeeping force to enter Namibia.

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Waldheim recommends that the UN peacekeeping force comprise seven infantry battalions with a total strength of 5,000 men, command and logistic groups totaling 2,300, and 200 monitors. The overall strength of 7,500 meets the demands of the SWAPO leaders, but the South Africans have sought to limit the UN military force to 2,000.

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The Secretary General also recommends scheduling an election for a Namibian constituent assembly approximately seven months after the Security Council decides to go ahead with a transitional program. This schedule, part of the Western proposal, was designed to allow ample time for Namibian refugees, political prisoners, and guerrillas to return home and compete on even terms with candidates whose political activities the South African administration has encouraged. South Africa wants the election held by the end of this year.

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Nigeria's delaying tactics appear designed primarily to give it time for last-minute consultations with SWAPO leader Nujoma and leaders of the frontline states. Nujoma reportedly arrived in Lagos late Wednesday for talks with Head of State General Obasanjo. Other factors at work in Nigeria's delay may be a need by the independent minded Nigerians to show

that they cannot be rushed by the Western powers and to give new Foreign Minister Adefote time to prepare for a Security Council meeting.

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[] The presidents of the frontline states are meeting this weekend in Lusaka, Zambia, to consult on Rhodesia, and they probably will also discuss the coming Security Council session on Namibia. Nujoma reportedly is also going to Lusaka, and he may try to persuade the presidents to support delaying tactics. It seems more likely, however, that the presidents will attempt to obtain an African consensus for early implementation of the Western proposal.

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[] South African Foreign Minister Botha has publicly implied that his government may not accept UN participation in a transitional program if the Council accepts Waldheim's recommendations concerning the size of the peacekeeping force and the timing of an election. On the other hand, South Africa's restrained responses to the attack last week by SWAPO guerrillas on a South African military base along the Namibian-Zambian border suggest that it is primarily seeking assurances that the UN force will effectively and impartially enforce a truce with SWAPO.

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[] Botha no doubt realizes that a South African demand for revisions in Waldheim's recommendations would very likely prompt non-Western members of the Security Council to demand revisions favorable for SWAPO. An outright refusal by South Africa to accept a UN presence in Namibia probably would provoke demands for additional UN sanctions against South Africa. It seems likely that South Africa will attempt to link phased withdrawals of South African troops with selections and actions of UN contingents that meet basic South African concerns.

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[] Selecting a UN force will be highly contentious, as the SWAPO leaders want--and the South Africans will reject--contingents from the countries that have supported SWAPO's guerrilla force. The South Africans, moreover, will insist that the UN force effectively curtail guerrilla incursions from Angola and Zambia, while SWAPO's backers in the Security Council will demand priority attention be given to monitoring South African troops and police. []

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SPAIN: Constitution Delayed

25X1 [] The Spanish Senate's deliberations on the draft constitution are moving slowly as hundreds of amendments are thrashed out in committee. The Senate will almost certainly approve the constitution without major substantive changes, but the unexpected delays mean that the referendum to ratify the constitution may not take place until November. This would give terrorists more time to launch a last-ditch effort to derail the process.

25X1 [] Apparently anxious to demonstrate that the Senate is not simply a rubber stamp of the lower house--which approved the draft overwhelmingly in late July--senatorial party groups and individual senators presented 1,254 amendments. The vast majority are stylistic, but the sheer weight of numbers makes for lengthy delays. The informal pact worked out in the lower house between the two major parties, the ruling Union of the Democratic Center and the Socialists, is likely to carry over to the Senate and ensure that there will be no major substantive changes.

25X1 [] Most substantive debate is likely to focus on education--where Socialists strongly oppose any state commitment to support church schools--on the economic model, and on regional autonomy, the knottiest problem.

25X1 [] Essentially moderate Basque Nationalist Party members--representing the vast majority of Basques--absented themselves from the final vote in the lower house because they could not accept the draft language. Unless the Senate can work out a face-saving compromise, the Basque Nationalists may boycott the constitutional referendum. This would dash government hopes of a national consensus and cloud future relations between the Basque region and Madrid.

25X1 [] The recent wave of terrorist attacks has reminded all parties that delays at this stage could be dangerous. The government is girding for a major terrorist offensive in anticipation that the Basque Fatherland and Liberty organization and the leftist Groups of Anti-Fascist Resistance--First of October will make a last-ditch effort to block passage of the constitution. September promises to be a bloody month, and this pressure may encourage the Center Democrats and Socialists to streamline the debates. []

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BRIEFS

Angola-Portugal

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[redacted] //About 500 Angolan refugees have left Portugal for Angola over the past month. [redacted] another 500 people are preparing to return soon, and the list of those seeking repatriation is growing rapidly. [redacted]

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[redacted] several thousand refugees will return to Angola if sufficient funding can be found.//

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[redacted] //Although the Angolans are giving priority to the repatriation of skilled refugees, the government has indicated that it will permit all refugees to return except those who are known to have opposed the government. The first group of returnees includes teachers, mechanics, carpenters, restaurant workers, and clerks. About two-thirds of the repatriates are black, one-fifth white, and about a tenth mulatto.//

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[redacted] //There are about 10,000 Angolans--mostly refugees--in Portugal. The repatriation of a substantial number of them would help alleviate Portugal's unemployment, housing, and other social problems. [redacted]

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Iceland

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[redacted] //Progressive Party chairman Olafur Johannesson will head a three-party center-left government slated to take office today in Iceland. The Progressives, who were the junior partner in the previous government, will share the nine cabinet posts equally with the Social Democrats and the Communist-dominated People's Alliance. The members of the People's Alliance, which traditionally has opposed ties with NATO and the US-manned base in Iceland, will fill posts involved exclusively with domestic and commercial affairs. Benedikt Grondal, chairman of the Social Democrats and a staunch supporter of the US presence in Iceland, will be Foreign Minister.//

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[] //The first act of the new government will be to announce a currency devaluation. The government is also expected to issue a statement on defense and foreign affairs, painstakingly composed in the final hours of negotiations among the parties, that will reflect agreement to leave Iceland's relationships with the US and NATO unchanged. []

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Iran

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[] Iranian Muslim fundamentalist demonstrators clashed with police in the religious center of Mashhad yesterday. Police killed two demonstrators, according to the press. The riots were apparently triggered by commemoration ceremonies for victims who died in clashes last month. Local Muslim leaders appear to have played a role in inciting the rioters. The clergymen called for a general strike, according to press reports, and succeeded in shutting down commercial areas of the city.

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[] The Mashhad clergymen would appear to have acted in defiance of newly appointed Prime Minister Sharif-Emami's call for a reconciliation between the government and the conservative religious community. The Mashhad rioting does not augur well for the new Prime Minister's prospects for bridging differences with alienated Muslim clergymen. []

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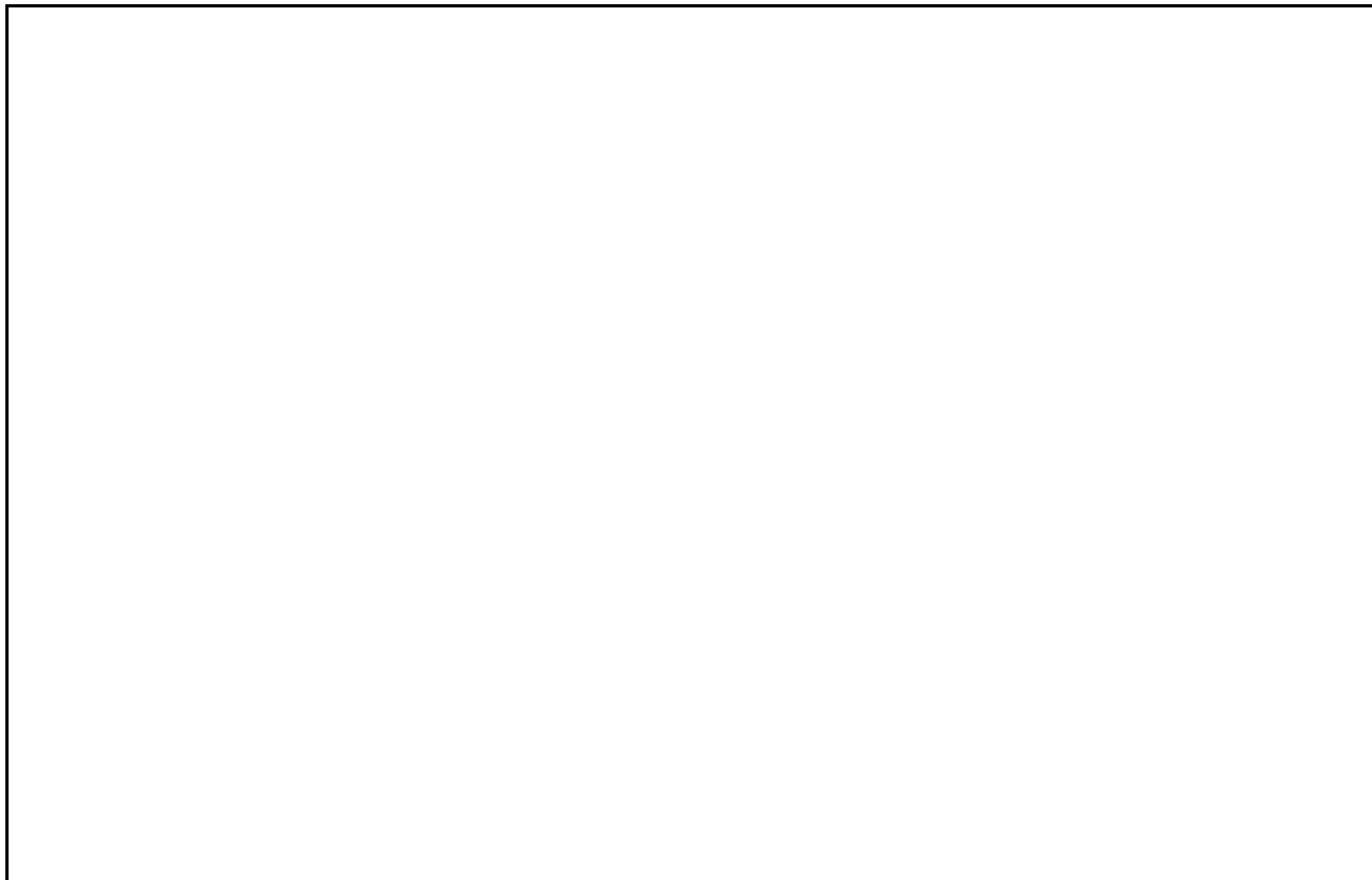
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USSR-China

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[redacted] Sino-Soviet trade for the first six months of this year was up about 30 percent over the same period in 1977, according to Soviet statistics. Two-way trade during this period totaled \$178 million. The target for the year is reported to be \$483 million. Actual deliveries, however, probably will be substantially below this. China had a small trade surplus with the USSR last year and appears to be widening the gap. Chinese exports to the USSR in the first half of this year increased three times faster than imports. [redacted]

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